MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016/2017

BFB1024 – FUNDAMENTALS OF BUSINESS AND ENTREPRENEURSHIP

(All sections/Groups)

26 MAY 2017
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 5 pages with 2 Sections only.

2. Section A: Answer **ALL** multiple choice questions.
   Section B: Answer **ALL** essay questions.

3. The distribution of the marks for each question is given at the end of each question.

4. Section A: Mark your choice of answers in the OMR sheet.
   Section B: Write your answers in the Answer Booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (25 MARKS)
INSTRUCTION: ANSWER ALL QUESTIONS

1) In reality, advertising _____.
A) is a "luxury expense" to be undertaken only when the budget permits.
B) requires a large budget to be successful.
C) is an investment in the future
D) is relatively ineffective in increasing sales but it does increase customer awareness.

2) The choice of advertising medium is primarily determined by _____.
A) what media the competition uses.
B) what media the industry focuses on.
C) the target audience and the message.
D) the unique selling proposition and budget.

3) The _____ cost of an advertising medium compares the actual dollar cost of an ad with the number of potential customers it reaches.
A) relative
B) continuous
C) absolute
D) comparative

4) Flashing from one television channel to another, especially during commercials, is called _____.
A) zapping.
B) skipping.
C) cluttering.
D) zipping.

5) Under _____, a manufacturer splits the cost of advertising with a small retailer if the retailer features its product.
A) cooperative advertising
B) shared advertising
C) direct advertising
D) None of the above

6) The process of influencing and inspiring others to work to achieve a common goal and then giving them the power and freedom to achieve it is called _____.
A) management.
B) goal or objective setting.
C) performance appraisal.
D) leadership.

Continued...

7) If you were evaluating your college administration for effective leadership behaviors, you need to look for _____.
A) their ability to husband and protect resources from misuse.
B) their short-term focus, their ability to see the detail needing to be accomplished.
C) the ability to encourage creativity in employees.
D) all of these things.

8) When conducting a job analysis, an employer needs to focus on questions about _____.
A) duties and tasks to be performed daily.
B) the skill, experience, and education necessary to perform the job.
C) when certain people will be needed by the company due to growth.
D) employee work habits.

9) When checking references, the small business owner _____.
A) can largely ignore the references of professional job candidates.
B) should also talk with previous employers, not just the references provided.
C) may only ask for confirmation of employment dates, job title, and salary information.
D) is able to ask any question of the reference to find about things he/she could not ask the candidate.

10) Teams can be helped to succeed by _____.
A) placing a few underperformers on the team to minimize internal conflict.
B) forming teams around natural work flows, giving them specific tasks.
C) keeping pay based on individual effort.
D) not permitting teams' involvement in the assessment of their own performance.

11) The secret to selecting the ideal location for a business is _____.
A) the available labor pool for the business.
B) knowing the customer and what is convenient to them.
C) the tax rate of the local and state governments.
D) the security of the area and the services provided by the site to the business owner.

12) Carlos owns a heavy equipment repair and maintenance business. Which of the following criteria for selecting a state in which to locate the business would be of greatest concern to Carlos?
A) Labor supply
B) Proximity to markets
C) Tax laws and incentives
D) Proximity to raw materials

13) When selecting a city, an entrepreneur will need to factor into her decision _____.
A) the population density and growth trends.
B) the nature of competition.
C) the cost of the location.
D) All of the above

Continued...

14) A _____ is the traditional center of town.
A) hub
B) business area
C) central business district
D) community center

15) The type of business that does well when located near competitors is _____.
A) one that has a unique product line, dissimilar to that of its competitors.
B) one that sells high-priced products that customers comparison shop for.
C) one whose location is part of its trademark.
D) one located in an incubator.

16) _____ is any form of wealth used to produce more wealth.
A) Debt
B) Equity
C) Capital
D) Capacity

17) When receiving investment money from friends and relatives entrepreneurs should _____.
A) use a clear verbal contract to ensure no misunderstandings.
B) only borrow from close friends and relatives who won't cause them trouble.
C) discuss all the details of the investment up front.
D) not borrow more than 30% of the necessary capital from them.

18) When looking for an angel, the key is _____.
A) networking.
B) using the SBA as a contact point.
C) searching the web.
D) using business incubators' computer matching services.

19) Most venture capitalists purchase ownership in a small business through _____.
A) a common stock or convertible preferred stock.
B) an ESOP.
C) loans with an option to buy stock.
D) a general partnership.

20) One of the biggest advantages of going public is _____.
A) the ability to attract low cost equity funding.
B) the ability to retain control while gaining maximum funding.
C) better employee morale and productivity.
D) enhanced credibility and improved corporate image.

Continued...

21) For small businesses, _____ are the heart of the financial market.
A) banks
B) finance companies
C) private placement
D) insurance companies

22) Term loans often have a _____ feature, which means that after three to five years, the full amount of principal is due before the amortized payments fully repay the loan.
A) parachute
B) covenant
C) balloon
D) handcuff

23) In contrast to traditional lenders, finance companies offer small business borrowers _____.
A) faster turnaround times.
B) longer repayment schedules.
C) more flexible payment plans.
D) All of the above

24) Factoring _____.
A) is a more expensive method of financing than borrowing from a bank.
B) places the risk of uncollected accounts receivable on the small business owner.
C) is best used as a long-term source of capital.
D) is a type of trade credit.

25) An amortization schedule is _____.
A) a breakdown of the loan payment which includes the interest rate and number of years for the loan to be paid.
B) a breakdown of all fixed assets with their depreciation schedule.
C) a schedule the company has to provide the bank as part of their financial statements.
D) All of the above

Continued...

SECTION B: ESSAY QUESTIONS (75 MARKS)
INSTRUCTION: ANSWER ALL QUESTIONS

QUESTION 1

a. What is an entrepreneur? Explain. (5 marks)

b. Discuss **EIGHT** (8) issues that entrepreneurs should consider when evaluating different forms of ownership. (20 marks)

(Total: 25 marks)

QUESTION 2

Explain **FIVE** (5) strategies how a small e-company can achieve e-commerce success. (25 marks)

(Total: 25 marks)

QUESTION 3

a. Pricing is an art and also a science. Explain this statement with an example. (7 marks)

b. Discuss **THREE** (3) effective pricing strategies for new products and services. (18 marks)

(Total: 25 marks)

End of Page